



Date: March 18, 2004

**To:** EQB General List, Local Officials, Adjacent Property Owners, and Interested Parties

**Re:** Notice that Mankato Energy Center, LLC has submitted a Site Permit Application to the EQB for a natural gas-fired, combined cycle power plant (EQB Docket No. 04-76-PPS-CALPINE)

### **Project Description**

Mankato Energy Center, LLC (“Mankato Energy”), a wholly owned subsidiary of Calpine Corporation, proposes to construct a large electric power generating plant (“Facility”) capable of producing approximately 655 megawatts of electricity during the summer and 730 megawatts during the winter (at ambient conditions) using natural gas-fired combustion turbines in a combined cycle configuration.

The Facility will be designed to include two combustion turbine generators, two heat recovery steam generators equipped with natural gas-fired duct burners, one steam turbine generator, a multi-cell mechanical draft cooling tower, and associated equipment required for a safe and efficient operating power plant.

The proposed project site is approximately 25 acres in size and is located in Lime Township just north of the Mankato city limits in an area currently zoned for industrial use (see attached project location map). The site is situated on the southern portion of an old limestone quarry that has been mined to completion and currently serves as a demolition waste landfill and composting facility owned and operated by Southern Minnesota Construction Company, Inc. (“SMC”). Mankato Energy currently holds an option to purchase the site for the proposed Facility. The property is part of a larger parcel of land owned by SMC. Mankato Energy anticipates that it will exercise their option with SMC to obtain approximately 25 acres of land once it has received all necessary permits and approvals for the Facility.

Natural gas will be delivered to the power plant through a new 12 or 16-inch lateral pipeline that will be connected to an existing Northern Natural Gas main pipeline located approximately three miles to the east of the proposed project site. The Facility will be connected to the transmission grid via Xcel Energy’s Wilmarth Substation located approximately 1,000 feet west of the site through a new double circuit 115 kV/345 kV transmission line.

## **Submittal of Site Permit Application**

On March 4, 2004, Mankato Energy submitted an application to the Minnesota Environmental Quality Board (EQB) for a site permit under the alternative permitting review process pursuant to Minnesota Rules 4400.2000 to 4400.2950. A site permit is required from the EQB to build a large electric power generating plant and associated facilities capable of operating at a capacity of 50 megawatts or more. The permit application was accepted by the EQB Chair on March 15, 2004.

Mankato Energy's proposed Facility qualifies for the alternative review process because it is a large electric power generating plant that is fueled by natural gas (Minnesota Rules 4400.2000, Subp.1.B). Under the shorter alternative review process, an environmental assessment is required instead of an environmental impact statement; the applicant does not have to propose any alternative sites to the preferred site; and the EQB has up to six months from the time the application is accepted to complete the process and make a decision on the permit as compared to 12 months under the full permitting process.

Permit applications for the gas pipeline and transmission line routes will be submitted to the EQB at a later date. Mankato Energy will prepare and submit the route permit application for the gas pipeline while Xcel Energy is responsible for preparing and submitting the route permit application for the transmission line.

## **Certificate of Need Decision**

In response to a competitive bidding process approved by the Minnesota Public Utilities Commission (PUC) in its acceptance of Xcel Energy's resource planning process, a portion of the electricity generated by the Facility will be sold to Xcel Energy under a long-term power purchase agreement that has been signed between Mankato Energy and Xcel Energy. Power generated by the Facility that is not sold to Xcel Energy will be offered by Mankato Energy to wholesale customers. On March 2, 2004, Mankato Energy filed a certificate of need application with the PUC for the available generating capacity associated with the wholesale power production of the Facility.

## **Environmental Assessment**

As part of the permitting process, the EQB will prepare an environmental assessment containing information on potential human and environmental impacts associated with the proposed project. Recent amendments to the EQB's environmental rules addressing the matter of environmental review at the certificate of need stage before the PUC require that the EQB prepare an environmental report (Minnesota Rules 4410.7010 to 4410.7070). Because the certificate of need and site permit applications have been submitted at the same time, the EQB has indicated that the environmental assessment will also serve as the environmental report that is required to be prepared at the certificate of need stage, thus combining the two environmental review tasks into one document for this project (Minnesota Rules 4410.7060).

## **Public Meetings**

Mankato Energy will be hosting a public information meeting in Mankato in early April to provide general information about the project and to answer questions. Additional information regarding this meeting will be made available in the near future.

Under the Power Plant Siting Rules (4400.1550), the EQB is required to hold a public meeting within 60 days after acceptance of the site permit application. In addition to the meeting hosted by Mankato Energy in early April, the EQB will conduct a public information meeting in Mankato at the following date, times, and place:

**Wednesday, April 21, 2004**  
**3:30 pm and 7:00 pm**  
**Minnesota River Room**  
**1<sup>st</sup> Floor of the Intergovernmental Center**  
**10 Civic Center Plaza**  
**Mankato, Minnesota**

The purpose of the EQB meeting is to provide information to the public about the proposed project, review the permitting process, answer questions, and allow the public an opportunity to provide input in the scoping of the environmental assessment.

The EQB will also hold a public hearing later this summer to receive public comment on the environmental assessment once it is completed.

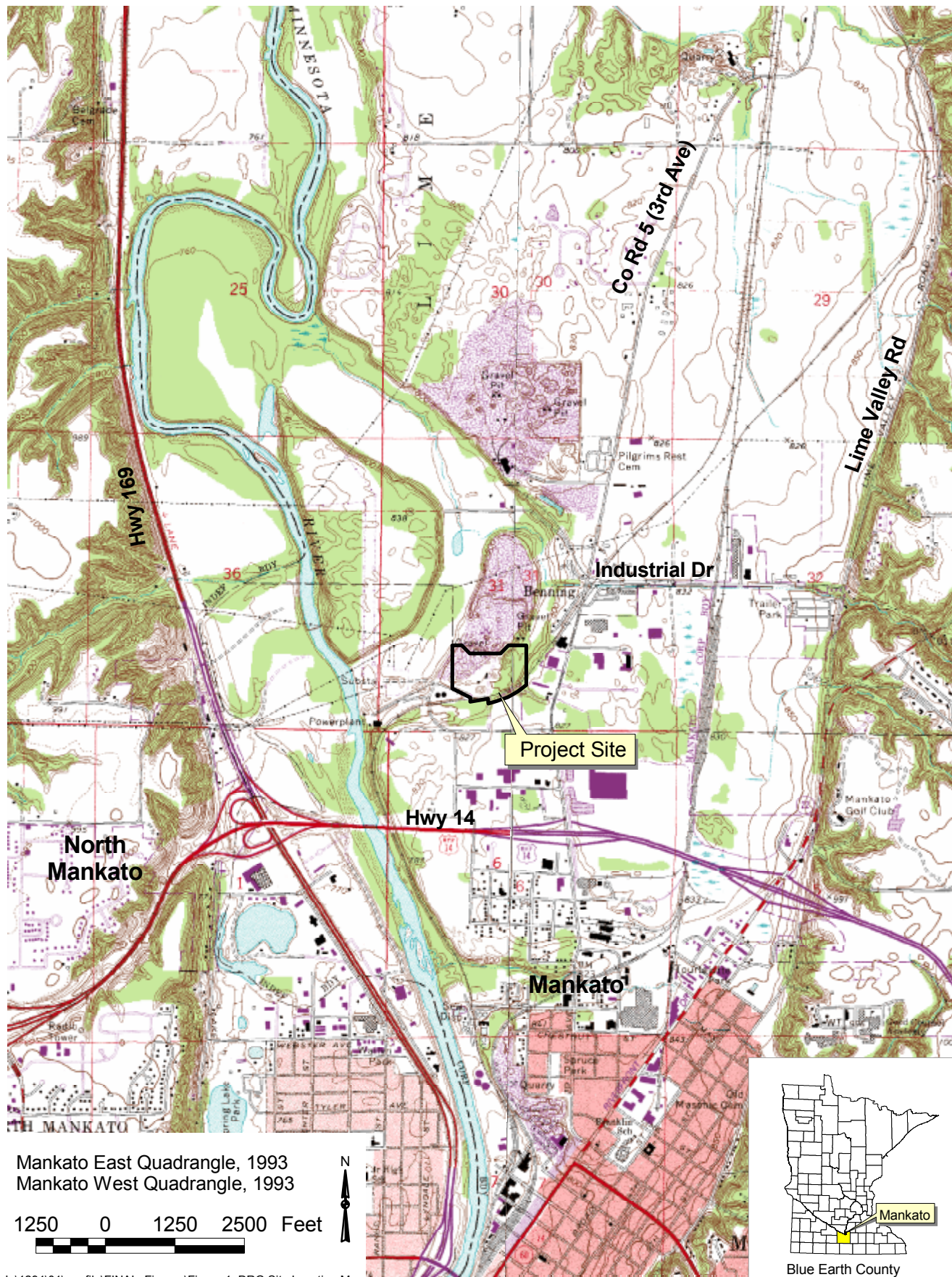
## **Available Information**

Copies of the site permit application and certificate of need application are available online at the EQB website at [www.eqb.state.mn.us/Docket.html?Id=5792](http://www.eqb.state.mn.us/Docket.html?Id=5792). Copies of both documents are also available for review at the Mankato City Hall and Blue Earth County Library in Mankato.

The EQB Chair has designated staff members George Johnson as project manager and Larry Hartman as public advisor in this matter. For more information about the site permit application or to have your name included on the EQB project contact list, you may contact George Johnson (Tel: 651-296-2888 or email: [george.Johnson@state.mn.us](mailto:george.Johnson@state.mn.us)) or Larry Hartman (Tel: 651-296-5089 or email: [larry.hartman@state.mn.us](mailto:larry.hartman@state.mn.us))  
Environmental Quality Board, 300 Centennial Bldg., 658 Cedar Street, St. Paul, MN 55155.

Additional information on the EQB's permitting process, announcements, and meeting notices are posted on the EQB website at [www.eqb.state.mn.us](http://www.eqb.state.mn.us).





## MANKATO ENERGY CENTER

Site Location Map (USGS Quadrangle)

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# Wenck

Wenck Associates, Inc. 1800 Pioneer Creek Center  
Environmental Engineers Maple Plain, MN 55359-0249

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Figure 1